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VOL. XXII.

UNDERWRITERS' ACCOUNTS.

BY

ERNEST EVAN SPICER, F.C.A.

AND

ERNEST C. PEGLER, F.C.A.

(*Of the firm of Spicer & Pegler, Chartered Accountants*).

Authors of "BOOKKEEPING AND ACCOUNTS," "INCOME TAX IN RELATION TO ACCOUNTS," "EXECUTORSHIP ACCOUNTS," &c.

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PREFACE TO FIRST EDITION.

SINCE this work is, we believe, the first to be devoted entirely to "Underwriters' Accounts," we have thought it advisable to deal somewhat fully with the general principles underlying the business, in order that those not acquainted with accounts of this nature may more readily grasp the system we have endeavoured to lay down; but it is to be noted that the whole subject has necessarily been dealt with from the point of view of accounts.

We take this opportunity of expressing our thanks to Mr. W. E. Found, of Lloyd's, who has given us material assistance in technical details.

ERNEST EVAN SPICER.
ERNEST C. PEGLER.

60 Watling Street, E.C.
31st March 1903.

PREFACE TO SECOND EDITION.

SINCE the first edition of this work was published the method of recording Underwriters' Accounts has been materially altered. Formerly it was the custom to keep the books on the Gross System, but this method is now no longer in force, with the exception of a few isolated cases. We have therefore entirely rewritten that portion of the work affected, and have adopted the Net System in the various accounts and illustrations afforded.

A notable extension of the principle of writing in Syndicates rather than collectively having taken place, we have thought it desirable to add a fresh chapter dealing with Syndicate form, and the particular difficulties involved therein.

It may not be out of place to mention that last year the Committee of Lloyd's passed a resolution requiring the accounts of all Lloyd's Underwriters to be submitted to audit by auditors approved by the Committee, and consequently a modern system of accounts has become practically indispensable. The methods suggested throughout this volume are the fruit of practical experience, and it is hoped they may prove useful to those who are called upon to deal with accounts of this nature.

ERNEST EVAN SPICER.
ERNEST C. PEGLER.

60 Watling Street, E.C.
January 1910

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UNDERWRITERS' ACCOUNTS.

CHAPTER I.

INTRODUCTORY.

Preliminary.—

In the following chapters it is proposed to deal with the books of account incident to the business of underwriting, and although there are many corporate bodies and associations in different parts of the United Kingdom and abroad formed for the purpose of promoting and fostering marine insurance, this book will be confined to Lloyd's, as being the oldest and most famous of these, and the one where the largest proportion of the world's underwriting business is carried on. At the same time, the system of bookkeeping which will be advocated will be equally applicable (subject to adjustment in respect of particular local customs) both to underwriters who are members of the above various bodies, and to those, usually called outside underwriters, who have no official connection therewith.

Lloyd's.—

It may be well in passing to briefly indicate the origin and growth of this ancient association, as it will enable the reader more clearly to perceive the methods by which business is carried on there to-day. The early underwriters were wealthy individual merchants, bankers, money-lenders, and others, who

soon recognised the truth of the maxim that "Union is strength," and the advantage to be obtained from associating themselves together for their mutual protection and benefit. They recognised that, in order to make hazardous business of this nature consistently profitable, it was necessary for each individual to "write" a large number of small risks, rather than confine himself to a few of greater magnitude, in order to allow the law of average proper scope for its action. Accordingly an Association of Underwriters was formed, and the practice of spreading the risk in each particular instance over as many individual members as chose to write a portion of it came generally into vogue. These first made their headquarters in Cornhill, but early in the eighteenth century removed to a coffee-house kept by a Mr. Edward Lloyd, in Abchurch Lane, Lombard Street. Thus, by the familiar association of ideas, it can readily be seen how the Corporation of Underwriters first received the name which has since become famous throughout the length and breadth of the civilised world.

Underwriters.—

An underwriter is one who for a consideration, termed a premium, undertakes to indemnify against loss in the event of any of certain contingencies arising.

In order to carry on business with the official sanction of Lloyd's, it is necessary for an underwriter to become a member of that body, and to qualify for that distinction in accordance with the rules of the Corporation. At the present time these necessitate that he should be introduced by means of an application signed by six members, and that his financial stability should be proved to the satisfaction of the Committee. He will be required to place on deposit with the Committee a sum of money, at least £5,000. This is now a *sine quâ non*, and though only a practice, comparatively speaking, of recent

years, is a notable necessity in a business of hazard such as Marine Insurance, and of specially greater consequence under the conditions now in vogue, which have produced within the last forty years or so new contingencies which have to be met. This deposit is invested in approved securities, and the interest thereon is received by the underwriter, the principal being retained under the control of the Committee during the period of his continuance in business, in order that it may be available to satisfy the liabilities that must arise on the cessation of the same. This fund cannot be hypothecated for any other purpose until these claims have been met. It is to be noted, however, that in the event of winding-up, only liabilities on Marine and Transport risks have a charge upon it, those incurred on "contingency risks" not being specifically secured. The term "contingency risks" includes all risks other than those above mentioned—such as stationary Fire risks and Guarantee risks.

Underwriting Agent.—

Although many underwriters carry on business themselves, it may be said that the majority prefer to employ an agent, who is termed an Underwriting Agent. The reason for this custom is obvious. The underwriter may be a merchant in London, or a gentleman in the country, possessed of capital, which he is desirous of employing in this way, but possibly unfamiliar with the intricacies and technicalities of the business, and it is therefore necessary that he should be able to employ one who is thoroughly equipped in these respects to act for him.

Distinction between Underwriter and Agent.—

It is very important that the distinction between these two individuals should be understood, as the agent is frequently confused with, or taken for, the underwriter. The former incurs no personal liability in respect of business transacted on

behalf of his principals other than the usual obligations existing between principal and agent. The chief of these, of course, is to account; and since an agent will frequently act for several principals, it is extremely important that he should keep proper books of account. It often happens, however, that an underwriter while "writing" for himself also acts as agent for other underwriters, but the respective transactions undertaken in this dual capacity must be kept perfectly distinct.

"Names."—

This is a technical expression, signifying the principals on whose behalf the agent acts. The latter's remuneration usually takes the form of a fixed salary from each name, together with a percentage, ranging from 15 to 20 or 25 of the divisible profits made by them respectively. This may cover the whole or a portion of the office expenses, or be entirely exclusive of them, according to agreement between the parties.

Insurance Broker.—

The insurance broker is the party who acts as an intermediary between the merchant who desires to have his ship or goods insured and the underwriter who may be desirous of accepting the risk. Consequently, it follows that the underwriter is dependent upon the broker for the introduction of business. For this the broker charges the underwriter a commission of 5 per cent. on the gross premium, which is termed "brokerage." This, however, must not be confused with the additional 10 per cent. "discount," which will be fully dealt with in the following chapter.

CHAPTER II.

METHOD OF BUSINESS.

Premiums.—

As indicated in the previous chapter, the broker is the party through whom business is introduced to the underwriter, he himself having previously been approached by the merchant who desires to effect an insurance. The broker places before the underwriter an abstract of the risk on a slip of paper, known technically as a "slip." (The word "underwriter" used here must be understood to also include underwriting agent. This will equally apply to subsequent passages, unless the contrary is specifically stated.) The underwriter, if he decides to take the risk, puts down on the "slip" the sum he intends to "write" and places his initial against the amount. As an example, an underwriter has "agreed to write" a risk, say, £100, at a rate of 20s. per cent. The risk is now what is termed "open," and the broker retains the slip until he receives instructions from the client to close the risk. It does not necessarily follow that the risk is closed for exactly the same amount as it was opened, as it can be readily understood that a merchant, when instructing the broker to do the insurance, would open the same for an amount amply sufficient to cover the risk.

The broker, having obtained the underwriter's initial to the "slip," and instructions to close the risk, makes out the Policy, or legal instrument, which he subsequently brings to the underwriter to sign. When this is signed, the transaction becomes complete, the signature of the

underwriter on the "slip" having only constituted a provisional insurance. The broker, having thus obtained completion of the policy, takes it away, and either sends it to his principal, the assured, or retains it carefully on behalf of the party whom it may concern.

Additional Premiums.—

Where the assured desires to extend the period or nature of the risk during the currency of a policy, this can be arranged by payment of a further premium to the underwriter, which is termed an "additional premium." An illustration of this would be where an alteration has been effected in the voyage.

Deferred Premiums.—

Arrangements are often made between the broker and the underwriter whereby an additional term of credit is granted in respect of certain risks, the premium being payable in instalments extending over a specified period. The premium in such cases is termed a "deferred premium."

Claims.—

Losses may be broadly divided into two classes—*Partial* and *Total*. The former refers to cases where the subject-matter of the insurance is only partly damaged, or where a contribution to general average is obligatory; the latter, which may be subdivided into *actual* and *constructive* total loss, refers to cases where the subject-matter of the insurance is either wholly lost, irretrievably damaged, or necessarily abandoned—*i.e.*, where a prudent owner, if uninsured, would abandon. *General Average* has been defined as including "all loss which arises in consequence of extraordinary sacrifices made, or expenses incurred, for the preservation of the ship, freight, and cargo, which must be borne proportionately by all who are interested." *Particular Average* relates only to cases where damage is done to the

property of an individual, whether by peril of the sea or otherwise, but which is not, however, suffered for the benefit of all. As an illustration of the difference between general and particular average, the following instance is taken: A fire broke out on board the s.s. "X.," cause being unknown, resulting in damage to a portion of the cargo both by fire and by water. The damage effected by the water used for extinguishing the fire, having been incurred for the benefit of all, will come under general average, while the damage caused by the direct action of the fire will come under particular average.

Returns.—

When for any reason the risk covered by the original premium is in any way reduced, either by the ship being laid up for a portion of the time, or by cancellation or alteration of the policy, a return of premium is frequently collected by agreement from the underwriter. It may be observed that unless an arrangement of this sort is come to, either in the first instance or subsequently, the underwriter can refuse to return any portion of the premium.

Re-Insurance.—

This is the term employed when one underwriter desires to re-insure any risk he has undertaken with another underwriter. In such cases the underwriter acts through the medium of a broker, and himself assumes the position of a merchant for the time being.

Re-insurances may be entered into by the underwriter for the following reasons, *inter alia*:—

(1) He may have found himself obliged for business purposes to take a larger line than he desires to retain, and therefore wishes to cover a portion of his risk.

(2) The ship in respect of which the original insurance was effected may be overdue, or for some other reason the underwriter may desire to cut a proportion of his expected loss by re-insuring either the whole or part of the risk.

(3) The underwriter may have access to a market enabling him to place a risk at a slightly lower premium rate than that at which he originally wrote it, and consequently he immediately re-insures, thus making certain of a profit to the extent of the difference.

Re-Insurance Recoveries.—

When a loss arises under a risk that is re-insured, the underwriter is enabled to recover under his Re-insurance Policy, and this is termed a "Re-insurance Recovery."

Salvage.—

Under what is known as the "Sue and Labour" clause of a Lloyd's policy (a *pro formâ* copy of which will be found in the Appendix), an underwriter, in the event of a mishap or catastrophe, is entitled to exercise all the rights of an owner for the preservation of the property insured, without himself incurring thereby liability to pay a total loss; and, *per contra*, the owner is entitled to exercise full right of ownership, and to incur all necessary expenses for the purpose of preserving the property at the charge of the underwriter, and without losing thereby his power to claim subsequently in respect of total loss. Consequently, therefore, both the underwriter and the owner can act in the capacity of *salvor*, but it is usual for the work to be carried out by certain associations formed for the purpose of protecting and realising abandoned property for the benefit of those underwriters who have been obliged to pay claims in respect thereof. The net proceeds are distributed

among those underwriters who may have elected to incur the additional expenses attending on the salvage, in proportion to their share of the risk, and such recoveries by them are termed *salvage*. The remaining underwriters (if any), although they will have been called upon to pay claims, are not entitled to participate in any such recovery.

Salvage Loss.—

It sometimes happens that, before the payment of a claim by the underwriters to the broker who acts as agent for the merchant, the latter has received a salvage on account of the subject-matter of the claim, in which case the underwriter will only pay over the net difference due, such an amount being termed by him a *salvage loss*.

Refunds.—

These chiefly refer to recoveries in connection with claims made under general average. It is customary in these cases, owing to the prolonged delay that frequently occurs before the average can be adjusted, to pay an estimated amount pending the final settlement. This estimate is often substantially in excess of the actual damage incurred, being calculated on the invoice value of the goods by the shipowner, who, possessing a lien thereon, is in a position to demand ample margin. The deposits are generally placed in the hands of trustees until the adjustment can be completed. If, after the expenses of the "average adjusters" have been paid, it is then found that a balance is returnable to the underwriter, such amount will be received by him and designated a *Refund*.

Mode of Settlement.—

Forty years ago underwriters wrote risks and signed policies, and, speaking generally, waited for their money. At the 1st of January in each year the brokers paid them their balances,

deducting 12 per cent. discount. The position *per se* stamped the old underwriter as a man of some substance, with a large balance of money owing to him from brokers during the greater part of the year. He had to find money for his losses, less premiums, on the particular account, and received a considerable balance at the turn of the year, the broker of those days being glad to pay as promptly as possible, as he could only get the 12 per cent. discount on the profitable balance of the account at the first of the new year, and, until the account was settled, was in a position to have his discount upset by a loss intervening. Premiums are ostensibly due to the underwriter on the signing of the policy, in accordance with the following clause contained in the policy itself: "Confessing ourselves paid the consideration due unto us for this assurance by the assured at and after the rate of," &c. But this clause was never adhered to in practice, and under the present system, known as the "Cash System," all premiums are considered as due and payable on the 8th of the month following the end of the current quarter. Thus, a policy signed on the 31st of August entitles by custom the underwriter to receive the premium on the 8th of October, less 10 per cent. discount. This custom is, however, like many others, much ignored, and many brokers pay every three months, some less frequently, some when they are asked, and some when they are worried. There appears to be no absolute rule, and if it were not that losses or claims bring both sides into settlement with one another at various intervals, and so exercise a regulating influence of some general kind, a clean settlement might be postponed indefinitely.

Brokerage.—It has already been seen that premiums are subject to a deduction by the broker of 5 per cent., termed "brokerage." This rate is invariable, with one trifling exception—that, in cases where the premium is quoted in guineas

and their proportions, the brokerage takes the form of the odd shillings, and the net premium is consequently represented by the pounds. For example, in the case of a premium quoted at 20s., the brokerage will be 1s., leaving the premium, less 5 per cent., at 19s.; whereas if the quotation was 21s., the brokerage will still be 1s., and the premium, less brokerage, will be 20s

Discount.—The premium, less 5 per cent., is still further reduced by a discount of 10 per cent. allowed to the broker, who himself has already allowed it to his principal. Formerly this discount was strictly a cash discount, and was only allowed to the broker provided he settled promptly on the due date, and, although in theory it still remains a cash discount, in practice it has become a general custom to allow it, no matter when the account is settled. This 10 per cent. is not calculated on the gross, but on the premium, less 5 per cent., and, working on the example above given, the result shows as follows:—Gross premium, 20s.; brokerage, 1s.; premium, less 5 per cent., 19s.; discount, 1s. 11d.; net premium, 17s. 1d. In some cases, however, this deduction of discount is not made, the underwriter quoting a "rate net," which implies no discount will be allowed. There are several disputable matters connected with the treatment of discount in the books which cannot be touched upon here, but which will be found fully dealt with in a subsequent chapter.

Claims.—From a strictly legal point of view, which is recognised at Lloyd's, losses and claims are payable by the underwriter direct to the assured, whereas premiums are payable to the underwriter by the broker, and not by the assured. However, it has become customary for losses to be paid through the medium of the broker as agent for his principal, the assured. To establish the fact of this agency, it appears to be

necessary for the underwriter to pay over to the broker a separate cheque for the actual amount of the claim, for it has been held that when the claim is treated as a matter of account as between the underwriter and the broker the fact of agency is not established, and in the event of the broker failing to hand over the amount to the assured, the underwriter remains liable to the latter for the claim. This principle of separate cheques is usually adhered to in respect to claims on total losses, though in some cases, when the amount of the account exceeds the amount of the claim, and also frequently in cases of partial loss, the opportunity for a settlement between broker and underwriter being obvious, it is customary for a balance to be struck, and the net difference on the account to be paid by the one or the other, as the case may be. In doing this, it should be remembered that the underwriter still remains under the contingent liability above referred to, but, of course, he will use his discretion, and take into consideration the stability of the broker with whom he is dealing.

Nominally, claims are due and payable within seven days of their being "taken down" by the underwriter; and in the event of a broker collecting a claim under total loss, he must pay up all premiums due to the end of the month preceding that in which the loss is settled. Consequently it may happen that a claim is actually paid by the underwriter before he has received any premium in respect thereof. As an illustration of this, the following may be instanced:—A policy is signed on the 1st of July, and the premium consequently, by custom, is due and payable by the broker on the 8th of October, or at a later date in the event of his credit having been extended; the claim is taken down on the 10th of the same month, and payable by the underwriter before the 18th. Now, as stated above, all premiums due to the end of the month preceding the taking down of the loss—viz., 30th of June—are forthwith

payable by the broker, and, since in this instance it is obvious that no premium was due at that date, it follows that the claim will have to be paid by the underwriter before he receives any premium in respect thereof.

It may be mentioned that the remuneration receivable by the broker for collecting claims on behalf of the assured is generally at the rate of 1 per cent. on the amount thereof, and is payable by the latter.

Salvages, Refunds, and Recoveries.—These items, although formerly received direct from the parties concerned, are now receivable through the broker, who in the case of large items usually pays by clear cheque, the transactions otherwise being treated in account.

Formerly salvages were not incorporated in the books until receipt of the cash, and this was the cause of considerable loss to underwriters, inasmuch as it was very easy to lose sight of salvages relating back to claims settled years previously, and some salvors took advantage of this opportunity, with the result that the underwriters, especially in cases of small salvages, frequently never received the same at all. To remedy this state of affairs a leading underwriter put forward the proposal that the Committee of Lloyd's should, in return for a small percentage, follow up each particular case of salvage, and so protect the interests of the underwriters concerned. This plan has been carried into effect, and has proved very successful.

CHAPTER III.

AN UNDERWRITER'S BOOKS.

List of Books.—

THE following are the books essential for recording an underwriter's transactions, those marked with an asterisk not forming part of the double entry:—

*(1) Risk Book.
*(2) Voyage Book.
(3) Premium or Signing Books.
*(4) Re-insurance Index.
(5) Re-insurance Books.
(6) Claim Books.
(7) Salvage Books.
(8) Cash Book.
(9) Petty Cash Book.
(10) Brokers' Ledger.
(11) Private Ledger.
(12) Investment Ledger.
(13) Journal.

Collective Form.—

Before proceeding to discuss the books in detail, it will be necessary to briefly consider the question of "collective form," as it is comparatively rare now to find business of any magnitude recorded otherwise outside the syndicates. Most underwriting agents have several "names" whom they write for, and it has been found that the labour involved in keeping a separate set of books for each name is so enormous, and the opportunities for error are so frequent, that a system which is

here termed "Collective Form" has been evolved to meet the situation. As the group of names written for by one agent has none of the attributes of a partnership, it is essential, while keeping only one set of books, that the transactions affecting each name, and the results thereof, should be kept entirely distinct. For this purpose every book of account relating to the double-entry must be ruled with a number of columns, varying with the number of the names written for. One column is set apart for every name, and as the agent will almost invariably write for each of his names on every risk he accepts (though the proportion may not necessarily be the same for all), it follows that those columns of the various books recording the general particulars of the transactions will apply equally to all, the only repetition involved being the insertion of the double-entry figures for each name separately in the columns set apart for this purpose.

It should be noted that, before collective form can be employed, it is essential to obtain the consent of all the names thereto, to avoid any subsequent misunderstanding arising.

Space being limited, the instance that has been chosen as an illustration will be that of Mr. X., underwriting agent, writing for his two names, Mr. A. and Mr. B., in the proportion of two to one.

Syndicate Form.—

The term *syndicate* is used to denote a group of names written for by one agent. If one record of all the transactions be kept in total, and the results divided at the end of each year in the proper proportions, the working, as it affects each particular name, can be very simply and accurately arrived at. This method is adopted now by the syndicates, and is known as *syndicate form.* The clerical labour it saves in the case of syndicates composed of any considerable number of names is

sufficiently obvious, to say nothing of the way in which chances of error are minimised. There are, however, many points to be considered under this system, and these are fully dealt with in a subsequent chapter.

Risk Book.—

When a slip has been presented by a broker to the underwriter, and the latter, having decided to accept the risk, signs for the amount he intends to write, that document will assume the following appearance:—

Form of Slip.—

A. B. & Co.

"ORONTES" STEAMER.

LONDON, SYDNEY,

AND 30 DAYS.

Hull and Machinery.

20/-

100 J. R.

2 March 1909.

The slip, when signed, will be retained by the broker, but the particulars contained therein will be at once entered by the underwriter in his Risk Book, a ruling of which is shown on the adjoining page.

The signing of the slip is provisional, and in no way completes the contract, which does not become legally perfect until the signing of the policy. Between these two dates, which may be separated by varying periods of time, not only may the amount agreed to be written be increased or reduced, but also the rate itself may be altered. It follows, therefore, that the entries in the Risk Book must also be provisional; and, in fact, this book contains only memoranda, and does not in any way form part of the double-entry. For this reason, it will be observed that the separate risks intended to be written for each

name are not differentiated, the Risk column only containing the total amount which the underwriter agrees with the broker to write.

RISK BOOK.

Date	Broker	Ship	Voyage	Line	Rate	Interest
1909 November 17	Featherstone & Co.	"Victoria"	Rio de Janeiro to United Kingdom	300	17s. 6d.	Coffee

In spite of the tentative nature of the slip, however, in the event of a loss occurring before the policy is signed, it is customary for underwriters, as a matter of honour, to at once sign a policy, just as if no loss had occurred, and then settle the loss when the documentary proofs come to hand in the usual way. No underwriter could refuse to recognise his own signature on the slip, unless he could at once charge gross fraud on the part of the broker.

VOYAGE

Date	Folio in Risk Book	Ship	Voyage	Interest	Broker	Date of Signing Policy	Line		Rate	Folio in Premium Book
							A	B		
1909 Nov. 10	88	s.s. "Nymph"	Quebec U.K.	Timber I.&O.	W.F. & Co.	1909 Nov. 20	100	50	6 Gns.	37

Voyage Book.—

Though this book does not form part of the double-entry, it is exceedingly valuable from a statistical point of view, and is essential to every underwriter in one form or another. The purpose of it is to afford a scientific classification of every risk into geographical divisions, and to record the history of every risk from its commencement to its close.

There are many forms of this book, more or less complete, in use among underwriters. The one annexed may be said to combine both practicability and usefulness.

The book is divided up into a number of sections, on the principle of an ordinary Address Book, the place of letters being taken by geographical divisions—*e.g.*, Coasting, North Sea Out, North Sea Home, Baltic Out, Baltic Home, France and Spain, Mediterranean, &c. These divisions, however, will not be the same in all cases, varying in number and designation according to the convenience of each underwriter, and the nature and extent of the business he transacts. The space

BOOK.

Premiums		Remarks	Folio in Re-insurance Book	Re-insurances		Nature of Claim	Folio in Claim Book	Claims		Folio in Salvage Book	Salvages, &c.	
A	B			A	B			A	B		A	B
£ s d 5 8 0	£ s d 2 14 0	Sailed 15th Nov. Bad weather reported at time	47	£ s d 8 0 0	£ s d 4 0 0	Loss of Deck Load	82	£ s d 10 0 0	£ s d 5 0 0	39	£ s d 7 4 0	£ s d 3 12 0

accorded to each division will vary similarly. All risks other than ordinary commercial marine risks will be recorded together in one division, usually headed "Miscellaneous," unless the number taken is large enough to render a separate book, with classification *inter se*, desirable.

The entries in the first three columns are made from the Risk Book, and the date entered will be that of the signing of the slip. The Risk and Premium columns will only be filled up after the signing of the policy, and will be entered from the Premium Book. The remaining columns will also be entered up from the respective books named in the Folio columns.

It will be seen, therefore, that when the transactions in respect of any one risk are completed, the whole history thereof is displayed in a single line of this volume; and it follows that, by analysis, extremely valuable tables of statistics can be compiled. Moreover, the geographical divisions allow the underwriter to ascertain the nature and course of the voyages that are, taken on the average, profitable or the reverse to him.

Premium or Signing Book.—

This book, a form of which is annexed, records the completion of the risks, and the premiums that become due to the underwriter thereon. It is usual for this book to be of a small size, and frequently several are required to contain the transactions of any one month. In no case is it desirable to record more than one month's transactions in any one Premium Book, in order that the posting thereof may be kept well up to date.

The premiums are usually entered in this book, and posted to the brokers' accounts in the Ledger, less the 5 per cent. brokerage and the .10 per cent. discount, which, as already stated, is always deducted by the broker, no matter when he pays his account. This practice was not originally essential, as in former days the underwriter was in a position to refuse to allow this deduction to the broker unless he paid his account promptly on the day of settlement; consequently at that time it was, both in theory and in practice, a cash discount, and was treated correctly as such, not being taken into account until payment was made. Now, however, the state of affairs is different, as the majority of underwriters are no longer able to enforce their right to refuse to allow discount, and while, in theory, the discount still remains a cash one, in practice it has become almost equivalent to a "trade discount."

PREMIUM OR SIGNING BOOK.

Date of Signing Policy	Broker	Ship	Voyage	Date Risk Written	Interest	Line		Rate	Premiums		Folio in Brokers' Ledger
						A	B		A	B	
									£ s d	£ s d	
1909 Jan. 8	S. B. & Co.	s.s. "Pallas"	Mediterranean—United States	1909 Jan. 1	Sulphur	200	100	15/-	1 5 7	0 12 9	27

Under these circumstances there can be no doubt that it is advisable to keep the Premium Books and brokers' accounts net. The disadvantages of the gross system can be shown at a glance by the following illustration:—An underwriting agent submits to his "name" a list of balances owing by the brokers, as shown by his Ledger, amounting to, say, £3,000. This does not mean that they will realise £3,000. It does not even mean that they will realise that amount, less 10 per cent.—*i.e.*, £2,700. To take an extreme instance, the £3,000 of balances may have been arrived at as follows:—

Premiums (gross)	£10,000
Less **Claims**	7,000
Leaving due	£3,000

The discount of 10 per cent., however, is calculated on the premiums, and not on the balance, and consequently the actual position is:—

Premiums (gross)		£10,000
Less **Discount**	£1,000	
Claims	7,000	
		8,000
Leaving a net balance owing of		£2,000

The discrepancy is obvious, and when working under this system it is almost imperative, from an accountancy point of view, to keep a Discount Reserve Account, which will be found fully explained in a subsequent chapter. On the net system, however, the necessity for such a Reserve Account disappears, and the list of brokers' balances will exhibit the actual position of affairs.

The amounts in the Premium columns will be posted to the debit of the brokers in the Brokers' Ledger, that book being also ruled with columns for each name, as will be shown later.

The monthly totals will be posted to the credit of the Premium Account in the Private Ledger.

Claim Books.—

In these books are entered particulars of all claims that have been notified and in respect of which the policy has been endorsed. The form appended will show the details that are inserted; the amount of the claim, which will be posted to the credit of the broker's account, being worked out on the amount of the risk.

In order to arrive accurately at the profits of any one year, it is essential that all the transactions relating to that year, whether favourable or the reverse, should be incorporated in the accounts. Many of the claims that are taken down in any one year will not relate to insurances effected in that year, but will refer to those effected previously, and consequently it has been found necessary to keep each year's underwriting account open for a period of at least three years. It is necessary to differentiate each claim as regards the period to which it appertains—viz., the year when the insurance on which it has arisen was effected—and for this purpose separate sections of the Claim Book should be kept, relating to each year that remains open.

The monthly totals of each section will be posted to the debit of the Claim Accounts in the Private Ledger.

CLAIM BOOK.

Date	Broker	Ship	Voyage	Date of signing Policy	Nature of Claim	Line		Rate % of claim	Claims		Folio in Brokers' Ledger
						A	B		A	B	
									£ s d	£ s d	
1909 Feb. 20	W. F. & Co.	"Nymph"	Quebec—U.K. (cont.)	1908 Nov. 20	Loss of Deck Load	100	50	10	10 0 0	5 0 0	49

Re-Insurance Book.—

This book will contain particulars of any re-insurance the underwriter has thought fit to effect.

These transactions are effected through the medium of a broker, and consequently the premiums in connection therewith will be posted to the credit of the broker's account in the Ledger.

It will be necessary, as in the case of claims, to keep the re-insurance transactions relating to each particular year open, entirely separate from one another.

The monthly totals of each section will be posted to the debit of the Re-insurance Accounts in the Private Ledger.

RE-INSURANCE BOOK.

Date	Broker	Ship	Voyage	Line		Rate	Re-Insurances		Folio in Brokers' Ledger
				A	B		A	B	
							£ s d	£ s d	
1909 Dec. 3	X. Y. & Co.	s.s. "Nymph"	Quebec—U.K. (cont.) ..	100	50	8 Gns.	7 12 2	3 16 1	131

Re-Insurance Index.—

In conjunction with the Re-insurance Book, another, termed the Re-insurance Index, is kept, which is divided into sections corresponding with the letters of the alphabet. Each re-insurance is indexed under the name of the ship, so that the underwriter can discover in a moment whether he is re-insured on any particular ship or not, a matter that otherwise might prove of considerable difficulty in a business of any magnitude. This index will not form part of the double-entry. A specimen page is appended.

RE-INSURANCE INDEX.

Ship	Voyage	Broker	Date Re-Insurance opened	Date closed	Amount opened	Amount closed	Rate	Remarks
s.s. "Nymph"	Quebec—U.K. (cont.)	X. Y. & Co.	1909 Nov. 29	1909 Dec. 3	150	150	8 Gns.	Claim £15

Salvage Book.—

Herein are entered particulars of all recoveries. They will include not only Salvages proper, but also Re-insurance Recoveries, Refunds, and additional Premiums received in respect of previous years. The nature and origin of all these recoveries have already been indicated in Chapter II. The Premium Books do not remain open for a period of years in the same way as the other books which have been described, this course being obviously unnecessary, and consequently any additional premiums which may arise relating to a previous year will be passed through the Salvage Book.

This book will also remain open for a period of years, and the monthly totals of the various sections will be posted to the credit of the Salvage Accounts in the Private Ledger.

SALVAGE BOOK.

Date	Broker	Ship	Voyage	Date of signing Policy	Nature of Recovery	Line		Rate % of Recovery	Salvage		Folio in B. L.
						A	B	£ s d	A	B	
									£ s d	£ s d	
1909 June 17	W. F. & Co.	"Orient"	London to Australia	1908 Dec. 23	Refund under G./A.	200	100	21 7 11	42 15 10	21 7 11	202

CHAPTER III.—(*continued*).

Cash Book.—

THE essential characteristics which this book must possess are three. Firstly, it must differentiate absolutely between the cash received and paid on behalf of each name, in order that his share of the total cash balance may be seen at a glance at any time. Secondly, the form must afford ample facility for recording the adjustment of differences. Thirdly, it must register all the transactions with the bankers.

The form shown on the preceding page will be found to meet these requirements. The Difference and Cash columns are differentiated under each name, in order that the items therein may be posted to their corresponding columns in the Brokers' Ledger.

It is essential that all cash received should be paid into the bank, and that all payments should be made by cheque; the Bank columns will then form a copy of, and check on, the Pass Book, and the balance thereof at any time should equal the combined balances on the Cash columns allotted to the respective names.

CASH BOOK.

Dr.

Date	Particulars	Folio	A		B		Bank
			Diff.	Cash	Diff.	Cash	

Cr.

Date	Particulars	Folio	A		B		Bank
			Diff.	Cash	Diff.	Cash	

Brokers' Ledger.—

This book contains an account with each broker with whom business is transacted. Unless syndicate form is adopted it is ruled with columns varying according to the number of the names written for, two columns being allotted to each name. The entries on the debit side are posted from the Premium, Salvage, and Cash Books; those on the credit from the Claim, Re-insurance, and Cash Books.

It is quite as essential to show in each account the monthly totals of the Premiums, Salvages, Claims, and Re-insurances appertaining to it as it is in the subsidiary books themselves, and for this purpose it is necessary to use the two columns mentioned above, the first containing details, and the second monthly totals of the same. In order to facilitate the execution of an internal check, which will be found fully explained in a subsequent chapter, on the audit, it is advisable that the salvages and re-insurances should be posted in red ink.

Where the volume of business is very large, it is convenient to keep a Brokers' Total Ledger in conjunction with the ordinary Brokers' Ledger. Only one column is allotted to each name in this Total Ledger, and the items of Cash and Differences are posted direct to it, the monthly totals of the other transactions being transferred from the subsidiary Ledger. This Total Ledger will be ruled off at the end of each month, and the balances, if any, brought down.

BROKERS' LEDGER.

Dr. *Cr.*

Date	Particulars	Folio	A			B			Date	Particulars	Folio	A			B		
			Details	Total		Details	Total					Details	Total		Details	Total	
			£ s d	£ s d		£ s d	£ s d					£ s d	£ s d		£ s d	£ s d	

Private Ledger.—

This is a very important book, for it contains the whole of the Impersonal Accounts, from which are compiled the Underwriting Accounts and Balance Sheet. The following is a list of the accounts which will usually be contained herein:—

Capital Account.
Drawing Account.
Dividend Account.
Premium Account.
Salvage Accounts.
Claim Accounts.
Re-insurance Accounts.
Charges Account.
Bad Debts Account.
Agent's Personal Account.
General Reserve Account.
Underwriting Accounts.

A separate Private Ledger should be utilised for each name.

The Dividend Account will contain the income received in respect of investments transferred at the close of each year from the separate accounts of the investments.

The Premium Account will be credited with the monthly totals from the Premium Books. It will only be necessary to keep one Premium Account, being for the current year, any additional premiums affecting past years which may be received being passed through the Salvage Book, as has already been explained. There must, however, be three separate accounts for Salvage, Claims, and Re-insurances respectively, appertaining in each case to the three years necessarily remaining open, which will contain the monthly totals posted from the corresponding subsidiary books.

PRIVATE LEDGER.

Dr.									Cr.
Date	Particulars	Folio	Details	Total	Date	Particulars	Folio	Details	Total

The Charges Account will contain all those office expenses—such as Rent, Salaries, Subscription to Lloyd's, &c.—as shall have been agreed between the "names" and their agent to be debited. The agent's fixed salary receivable from the name will also be charged in this account.

The agent's Personal Account will be credited with the percentage of the profit made by the name to which he may be entitled, being debited, of course, with the cash received by him when he draws in respect thereof.

Investment Ledger.—

The necessity for the accumulation of investments will be discussed in the next chapter, and the following remarks will be confined to the book containing a record of them. As the amount of investments in an account of any magnitude will be very considerable, and the dealings therein frequent, it is advisable that a separate Investment Ledger be kept for each name. Each investment will have a separate account, which will be provided with two columns on each side, the first being for Income and the second for Principal. The dividends received will be posted from the Cash Book to the credit Income column, and at the end of each year the total thereof will be transferred to the Dividend Account in the Private Ledger, the balances on the Principal column being brought down after the adjustment of profit or loss on realisation. The adoption of an Income column in each account, instead of posting all the dividends to one total account as received, is advocated, in order that a complete history of each investment may be recorded. A form of this Ledger will be found on the adjacent page.

INVESTMENT LEDGER.

Date	Particulars	Folio	Income	Principal	Date	Particulars	Folio	Income	Principal

CHAPTER IV.

THE FINAL ACCOUNTS.

The Underwriting Accounts.—

THE necessity of keeping the Underwriting Accounts—which correspond to Profit and Loss Accounts in other businesses—referring to the period open, separate and distinct from one another, in order that the final result of each year's operations may be accurately ascertained, has already been shown. Accordingly if the period is taken as three years—and this has been found by experience to be usually sufficient—there will at any given time be three Underwriting Accounts respectively open in the books; and in the *pro formâ* accounts that will be found appended this will be seen to be the case, the example there given being intended to show the position of affairs at the end of the year 1909.

Turning first to the 1909 account, which only records transactions relating to the year current, it has obviously no starting balance equivalent to those the earlier accounts will show, being in the first stage of its existence. The second stage thereof will be reached at the end of 1910, when it will present a similar appearance to our *pro formâ* 1908 account, now shown as at the end of 1909. The third and last stage will be reached at the end of 1911, which will correspond to the position the 1907 account is now shown at, the final balances then being transferred in a similar manner.

Dr. 1909 UNDERWRITING ACCOUNT (1st year). *Cr.*

Date	Particulars	Details £ s d	Total £ s d	Date	Particulars	Details £ s d	Total £ s d
1909	To Claims—			1909	By Premiums—		
	January	20 0 0			January	1,200 0 0	
	February	40 0 0			February	1,000 0 0	
	March	150 0 0			March	1,400 0 0	
	April	400 0 0			April	1,250 0 0	
	May	560 0 0			May	1,100 0 0	
	June	480 0 0			June	1,210 0 0	
	July	560 0 0			July	1,300 0 0	
	August	450 0 0			August	1,400 0 0	
	September	500 0 0			September	1,320 0 0	
	October	660 0 0			October	1,360 0 0	
	November	600 0 0			November	1,400 0 0	
	December	580 0 0	5,000 0 0		December	1,000 0 0	14,940 0 0
	To Re-insurances—				By Salvages, Refunds, &c.—		
	January	30 0 0			January	10 0 0	
	February	68 0 0			February	6 0 0	
	March	44 0 0			March	8 0 0	
	April	36 0 0			April	12 0 0	
	May	40 0 0			May	14 0 0	
	June	80 0 0			June	60 0 0	
	July	78 0 0			July	38 0 0	
	August	42 0 0			August	120 0 0	
	September	100 0 0			September	80 0 0	
	October	60 0 0			October	56 0 0	
	November	82 0 0			November	110 0 0	
	December	40 0 0	700 0 0		December	40 0 0	554 0 0
	To Bad Debts	..	4 0 0		By Dividends on Investments	..	300 0 0
	„ Charges	..	400 0 0				
	„ Balance	..	9,690 0 0				
			£ 15,794 0 0				£ 15,794 0 0

Dr. 1908 UNDERWRITING ACCOUNT (2nd Year) *Cr.*

Date	Particulars	Details £ s d	Total £ s d	Date	Particulars	Details £ s d	Total £ s d
1909	To Claims—			1909	By Balance	..	7,000 0 0
	January	800 0 0			By Salvages, Refunds, &c.—		
	February	500 0 0			January	200 0 0	
	March	400 0 0			February	180 0 0	
	April	380 0 0			March	300 0 0	
	May	460 0 0			April	120 0 0	
	June	120 0 0			May	220 0 0	
	July	680 0 0			June	240 0 0	
	August	340 0 0			July	300 0 0	
	September	80 0 0			August	50 0 0	
	October	180 0 0			September	120 0 0	
	November	720 0 0			October	260 0 0	
	December	180 0 0	4,840 0 0		November	180 0 0	
	To Re-Insurances—				December	220 0 0	2,390 0 0
	January	80 0 0					
	February	20 0 0					
	March	56 0 0					
	April	14 0 0					
	May	30 0 0					
	June	12 0 0					
	July	18 0 0					
	August	..					
	September	..					
	October	..					
	November	..					
	December	..	230 0 0				
	To Balance forward	..	4,320 0 0				
			£ 9,390 0 0				£ 9,390 0 0

1907 UNDERWRITING ACCOUNT (3rd Year)

Dr.

Date	Particulars	Details £ s d	Total £ s d
1909	To Claims—		
	January	120 0 0	
	February	80 0 0	
	March	60 0 0	
	April	10 0 0	
	May	28 0 0	
	June	40 0 0	
	July	62 0 0	
	August	8 0 0	
	September	12 0 0	
	October	4 0 0	
	November	10 0 0	
	December		434 0 0
	To Balance carried down		1,836 0 0
			£ 2,270 0 0
	To Agent's Commission 15% on		275 8 0
	Profit		1,560 12 0
	" Capital Accounts		£ 1,836 0 0

Cr.

Date	Particulars	Details £ s d	Total £ s d
1909	By Balance		1,600 0 0
	Salvages, Refunds, &c.—		
	January	180 0 0	
	February	40 0 0	
	March	62 0 0	
	April	28 0 0	
	May	50 0 0	
	June	30 0 0	
	July	48 0 0	
	August	20 0 0	
	September	10 0 0	
	October	2 0 0	
	November		470 0 0
	December		
			£ 2,270 0 0
	By Balance down		1,836 0 0
			£ 1,836 0 0

An apt, if homely, illustration of the way these accounts are worked is afforded by the process usually undergone in one's garden to obtain a continuous crop of strawberries. At any given time there will be three separate beds in production, the first containing plants one year old; the second, plants two years old; and the third, plants three years old. At the end of each season the bed containing the three-year-old plants is uprooted, and new runners planted; so, year by year, the process goes on.

It will be observed that the Claims and Re-insurances on the debit side, and the Premiums and Salvages on the credit, are set out in detail, showing the monthly totals, and, although this practice is not always followed, it is convenient and advisable.

An alternative method to that of keeping the accounts open for a period of three years is sometimes adopted, which consists of closing them at the end of two years, and creating a reserve against all claims that may arise relating to the year closed, such claims when brought into account being debited to this reserve. This course, however, is not to be recommended, owing to the difficulty that is experienced in sufficiently exactly estimating the amount of reserve requisite.

The 1908 Underwriting Account starts with the balance brought forward from its first stage at the end of 1908, and will contain Claims, Re-insurances, Salvages, Refunds, and Recoveries brought into account during 1909 and relating back to insurances effected in 1908. The balance on this account will be carried forward to 1910.

Similarly, the 1907 account starts with the balance brought forward from its second stage, and will contain items relating to transactions originating in 1907. As at the end of 1909, at

which date the accounts are taken, this account reaches its third and final stage, it will be seen that the balance of profit is brought down, and, after deducting the commission thereon due to the agent, is transferred to the Capital Account of the name.

The Balance Sheet.—

As will be seen from the specimen adjoining, the Balance Sheet is not a very elaborate document, the various items of assets and liabilities not usually being numerous.

The sundry creditors on open account will be composed of brokers' balances standing in credit, and the agent's Personal Account will represent undrawn salary or commission, if any.

The General Reserve Account, if any, will represent reserves made out of the ascertained profits of closed years. Although such a reserve is not always created, many names drawing the whole of their profits when ascertained, nevertheless, it is advisable to form one, in order that the accumulated funds in the shape of cash and investments may represent to some extent accumulated profits, thus making provision against unforeseen contingencies, and strengthening the general financial position.

BALANCE SHEET 31st December 1909.

	£ s d	£ s d		£ s d	£ s d
To Creditors—			By Debtors	..	6,880 0 0
On Open Account	698 0 0		" Cash at Bank—		
" Agent's Commission	275 8 0	913 8 0	On Deposit	2,500 0 0	
" Capital	7,376 0 0		Current Account	1,480 0 0	
Add Profit	1,560 12 0				3,980 0 0
	8,936 12 0		" Investments	..	12,000 0 0
Less Drawings	1,000 0 0	7,936 12 0			
" Underwriting Accounts:—					
1908 Credit Balance	4,320 0 0				
1909 "	9,690 0 0	14,010 0 0			
		£22,860 0 0			£22,860 0 0

The Capital Account shows the final position after the adjustment of the profits of 1907 (the last divisible year) and drawings.

The balances on the Underwriting Accounts of the years remaining open are shown separately.

The item of Investments calls for some comment. In underwriting, as in all insurance business when judiciously conducted, money should be received faster than it is paid away. The accumulated funds—which will, of course, include the investments—represent this surplus, apart from the comparatively small proportion that may stand for realised and reserved profits. Such surplus cannot in any way be looked upon as profit, but rather as moneys held in trust for the purpose of liquidating all claims that may eventually arise in respect of outstanding policies. It is obvious that while the business is maintained or increased, and the class of risks taken kept at a good average, the surplus moneys will correspondingly be maintained or increased; but that as soon as the business is stopped, whereas the main source of income—*i.e.*, from new premiums—will be entirely cut off, nevertheless, claims will continue to come in in respect of insurances previously effected for a very considerable period (which, in the case of underwriting, is estimated at about eight years), and consequently, unless the surplus moneys of previous years have been retained and invested, there will be no funds forthcoming to meet these demands.

The business of an underwriter at Lloyd's differs materially from others, inasmuch as, on the death of a "name," no further risks may be taken on his behalf. Consequently death closes an account irrevocably; and it has been estimated that it requires on an average an amount equal to about 65 per cent. of the

annual premiums to wind up an underwriting estate. On this account alone, apart from provision against the occurrence of "bad years," the necessity of accumulating the funds and investing them in gilt-edged securities, of keeping open the Underwriting Accounts for a period of years, and of strictly abstaining from anticipating profits, is apparent.

CHAPTER V.

SYNDICATE FORM.

Special Points arising under Syndicate Form.—

THE method of keeping accounts under Syndicate Form has already been briefly referred to in Chapter III. In the course of the last two years, however, this system has been adopted by an increasing number of underwriters, and therefore it may be useful to discuss the system in detail.

The operation of Syndicate Form in its initial stages is extremely simple, and the books are ruled as though the column, in which the syndicate's entries are made, related to one name only. At the end of each year, when accounts are prepared for the names composing the syndicate, the total of each item in the accounts is divided in the proper proportions, and Underwriting Accounts and Balance Sheets are prepared for each name, which, if all combined, would be equivalent to the Balance Sheet and Accounts of the whole syndicate.

As long as the constitution of the syndicate remains unchanged, the accounts present no feature of outstanding difficulty. As soon, however, as a member resigns or dies, or a new member joins the syndicate, complications arise.

In the event of the death of one of the names no further policies can be signed to which he is a party, and consequently the original syndicate must be wound up and a new syndicate formed, composed of the remaining names.

In the event of the withdrawal of a member from the syndicate a similar alteration will become necessary. Where a new member joins the syndicate, a fresh syndicate must be formed, and the old one wound up, so as to prevent any possibility of the new member being made liable for a portion of the claims relating to the old syndicate.

If, therefore, for any reason the composition of a syndicate is varied it will be seen that provision must be made in the books for the separate and distinctive record of transactions as between each syndicate.

Assuming that the constitution of a syndicate of ten names was varied, owing to the death of one of the members, the syndicate would have to be wound up, and a second syndicate formed composed of nine names. This would involve certain modifications in the books, two columns being kept in the Brokers' Ledger for the transactions of the two syndicates, and the same principle must be applied to all books of first entry —such as Claim Books, Salvage Books, Re-insurance Books, &c.—with the exception of the Premium Books. No fresh risks will be taken down on account of the first syndicate after the death of one of its members, and consequently no premiums can arise thereunder. Claims, however, will continue to come in on the first syndicate for several years, and the same remark will apply to Salvages, Re-insurances, &c. It is therefore apparent that accounts will continue to be required for the first syndicate for some considerable time, in addition to the current accounts arising out of the operations of the second syndicate.

As a consequence of this distinction between syndicates, the cash transactions are particularly affected, especially as the brokers with whom the underwriter deals do not always take such variations into account. It will frequently happen, there-

fore, that whereas the broker owes a net figure of premiums, &c., to the second syndicate, there may be claims due to him on account of the first syndicate. If these claims are less in amount than the premiums, the broker will only, except where total losses are concerned, pay over the net difference. The net figure of cash so received must be adjusted in the underwriter's books as between the first and second syndicates, and will constitute in gross a receipt on account of the second syndicate, and a payment on account of the first.

It is quite possible that further variations in the constitution of the syndicate may take place. Fresh members may be added, or other members may resign or die. For each change a new syndicate must be formed; thus it is not uncommon to find as many as five syndicates in operation at one time. It is apparent that this necessitates an elaborate system of accounts, in order that the rights of the syndicates *inter se* may be properly adjusted.

It is proposed now to deal with the principal technical difficulties that will be found to arise in practice.

The Claim Book.—

The Claim Book will be sub-divided as between the three years' Underwriting Accounts, and each section will have appropriate columns ruled to differentiate between the syndicates.

In any year subsequent to a year in which a syndicate is closed no claims can be taken down applying to the current year in respect of that syndicate, though, of course, claims will continue to be taken down on account of that syndicate relating to prior years. For instance, Syndicate 1 stops writing in 1907. From the commencement of 1908, and subsequently, no claims can be taken down for Syndicate 1 applying to the year 1908, or any subsequent year, although claims will continue to be

taken down relating to 1907 and prior years. In the 1908 section of the Claim Book, therefore, no column need be provided for Syndicate 1, since no claims can possibly be taken down relating thereto.

Re-Insurance and Salvage Books.—

Similar modifications will be necessary in these books, as in the Claim Book, separate columns being provided for each syndicate.

The Cash Book.—

It has already been pointed out that an item of cash received from brokers may actually represent a receipt on behalf of one syndicate, less a payment on behalf of another syndicate.

In the same way, a payment of cash may represent a payment on account of one syndicate, less a receipt on account of another.

Where there are more than two syndicates in operation at the one time, it will readily be understood that very considerable complications will necessarily arise in this manner.

In order to enable each item of cash received or paid to be properly divided as between the respective syndicates it will be necessary to utilise a form of Cash Book which will show not only the net cash received or paid in each case, but also the gross items which the net figure represents, such gross receipts and payments being allocated to the respective syndicates to which they relate.

Assuming that one joint banking account is being utilised for the whole of the syndicates in operation at any one time, it will be necessary at stated intervals to ascertain what balance relates to each particular syndicate, and also what proportion

of the cash balance relates to each particular name. For this purpose the balances on the various syndicates will be divided according to the number of names represented thereby.

All receipts and payments which are not applicable to any one or more of the syndicates operating should be entered in a special column, which should be provided on each side of the Cash Book.

At the end of each quarter a Summary should be prepared at the end of the Cash Book, ruled with columns for each name represented in any one of the syndicates operating. The excess of total receipts over total payments, or *vice versâ*, in respect of each syndicate for the quarter will be divided between the various names in proportion to their share in each syndicate. The special column on each side of the Cash Book, containing on the one hand items of cash received from, or on behalf of, particular names, as distinct from syndicates, and on the other hand payments made to, or on behalf of, particular names, as distinct from syndicates, will be analysed as between the various names, and entered accordingly in the Summary.

The Summary will commence with the balances brought forward on account of each name from the preceding quarter, and will close with the balances carried forward on account of each name to the succeeding quarter. The total of the individual balances should equal the total balance at the bank on the Joint Account.

Where a name has ceased writing, and has not provided the account with sufficient moneys to meet the payments arising on his behalf, the column relating to such name will show an overdraft as against balances in hand on account of other names, and this will indicate that certain claims payable by such name have been paid out of moneys belonging to other

names. This is one of the principal reasons why the allocation of the cash balance should be made not less frequently than once a quarter, since the financing of one name by other members of a syndicate is undesirable, and should not be allowed without the consent of such other members.

Where a syndicate is being wound up, the individual members of which are financing the winding-up irrespective of their continuation as members in any new syndicate, it will probably be found necessary to provide columns in the Cash Book for each name. Each receipt and payment on behalf of any particular syndicate should then be analysed immediately it is entered in the books, in order that the balance to the credit of each name can be readily ascertained from day to day, and due notice given to those members of the syndicate whose balances have become reduced below the margin necessary for the proper financing of the winding-up.

Where the number of syndicates is not large, it is convenient to have Adjustment columns opposite each Cash column in order to adjust small differences arising on the Brokers' Accounts mentioned below. Where, however, the number of syndicates in operation is considerable, it may be found more useful to provide a separate Adjustment Book for this purpose.

The following is an illustration of a Cash Book where four syndicates are in operation:—

The syndicates are composed as follows:—

Syndicate 1.—

A. Attwood B. Benson C. Carter D. Densham E. Edwards F. Feltham	each one-sixth.

B. Benson dies, and consequently a new syndicate is formed of the remaining names as follows:—

Syndicate 2.—

A. Attwood
C. Carter
D. Densham
E. Edwards
F. Feltham
} each one-fifth.

After some time E. Edwards resigns, and at the same date G. Gamage joins the syndicate, which will then be composed as follows:—

Syndicate 3.—

A. Attwood
C. Carter
D. Densham
F. Feltham
G. Gamage
} each one-fifth.

Two further names join subsequently at the same time, and a fresh syndicate is formed as follows:—

Syndicate 4.—

A. Attwood
C. Carter
D. Densham
F. Feltham
G. Gamage
H. Hanson
J. Jackson
} each one-seventh.

CASH RECEIVED.

Cheques Received			Total Deductions			Date	Particulars	Folio	Syndicate 1			Syndicate 2			Syndicate 3			Syndicate 4			Special Receipts		
									Diff			Cash			Diff.			Cash			Diff.			Cash			£	s	d
£	s	d	£	s	d	1909 June 1			£	s	d	£	s	d	£	s	d	£	s	d	£	s	d	£	s	d
1,570	10	0	..	..			To Balance		..	..		..	..		..	..		..	..		..	..		1,570	10	0
273	8	3	53	8	2		„ Smith & Co		..	..		..	..		..	..		..	..		0	11	3	316	12	2
24	17	6	11	3	4		„ A. E. Preston		..	..		..	..		..	..		..	..		0	0	11	36	0	10
124	13	5	73	17	0		„ Thomas & Co.		..	..		..	..		..	..		..	..		0	3	5	198	10	5
50	0	0	..				„ B. Amount received from Exchequer		..	..		..	..		..	..		..	..		..	..		50	0	0
153	8	2	46	7	9		„ Brown & Co.		..	..		..	..		..	..		..	..		0	2	7	195	8	11
59	16	4	45	0	0		„ Trucott & Co.		..	..		4	7	0	..	..		..	..		0	3	2	128	16	4
7	6	11	..				„ Sharp & Son		..	..		..	..		..	..		..	..		0	0	9	7	6	11
13	15	4	..				„ Dennan & Co.		..	..		..	..		..	..		..	..		0	0	7	13	15	4
115	7	3	..				„ E. E. Investment Account—Sale of Consols		..	..		..	..		..	..		..	..		..	..		115	7	3
111	13	8	7	4	3		„ F. Cooper		..	..		..	..		..	..		..	..		0	1	5	118	17	11
33	5	4	15	11	9		„ Wilson & Co.		..	..		..	..		..	..		..	..		0	5	4	48	17	1
12	15	7	22	1	1		„ D. Richardson		..	..		8	11	0	..	..		..	..		..	..		26	5	8
210	17	3	36	15	7		„ R. Bell & Sons		0	0	1	..	..		..	..		..	..		0	9	8	243	13	10
433	9	5	115	5	7		„ Pearson, Sons & Co.		..	..		3	14	0	..	..		..	..		0	13	2	546	4	0
3	5	0	..				„ Dell & Co.		..	..		2	11	0	..	..		..	..		..	..		..	..	
			26	11	8		„ Dunn & Co.		..	..		..	..		..	..		3	5	0	..	..		..	..	
			4	16	0		„ A. Dyer		..	..		..	..		..	..		..	..		0	0	7	26	11	8
			75	8	7		„ T. Preston		..	..		..	..		..	..		..	..		..	..		4	16	0
												7	4	0	..	..		..	..		..	..		68	4	7
							„ Balance to Summary		..	..		11	17	10	..	..		102	7	4	648	16	9	615	11	9
£3,222	9	5	533	10	9				0	0	1	22	9	10	0	0	1	128	6	7				2	12	10
1,201	7	0				July 1	To Balance																	1,980	6	8
																								1,735	17	3
																								1,201	7	0

CASH PAID. *Cr.*

Cheques Paid	Total Deductions	Date	Particulars	Folio	Syndicate 1 Diff.	Syndicate 1 Cash	Syndicate 2 Diff.	Syndicate 2 Cash	Syndicate 3 Diff.	Syndicate 3 Cash	Syndicate 4 Diff.	Syndicate 4 Cash	Special Payments
£ s d	£ s d	1909			£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
300 0 0	..	June 2	By Thomas & Co.		..	..	..	..	..	..	..	300 0 0	
150 0 0	..		" Brown & Co.		..	..	..	150 0 0	..	..	..	..	
7 3 2	..		" Gray & Son		..	..	..	7 3 2	0 7 4	52 5 10	..	..	
	53 8 2		" Smith & Co.		..	1 2 4	..	..	0 0 3	11 3 4	..	..	
	11 3 4		" A. E. Preston		..	..	..	62 10 0	0 0 2	11 7 0	..	..	
	73 17 0		" Thomas & Co.		..	..	0 0 4	11 5 4	0 0 5	35 2 5	..	..	
	46 7 9		" Brown & Co.		..	..	..	..	..	..	..	..	
300 0 0	..		" H. H. Investment Account		..	..	..	..	..	..	..	300 0 0	
300 0 0	..		" J. Ellis & Co.		..	..	..	..	..	..	..	300 0 0	
	45 0 0		" T. Elliott & Co.		..	..	..	..	..	45 0 0	..	..	
	7 4 3		" F. Cooper		..	..	..	..	0 0 1	7 4 3	..	..	
	..		" Denman & Co.		..	..	..	..	..	..	..	..	
300 0 0	36 15 7		" R. Bell & Sons		..	..	..	..	0 0 9	36 15 7	..	300 0 0	
	23 11 4		" A. Dyer		0 1 1	19 16 4	..	..	..	8 11 0	..	..	
	11 19 7		" T. Preston		..	..	..	..	..	81 12 5	..	..	
	5 15 9		" D. Richardson		..	..	..	..	..	22 1 1	..	..	
	..		" Pearson, Sons & Co.		..	..	..	..	..	..	..	..	
	..		" R. Bell & Son		0 0 3	27 11 9	..	..	..	87 13 10	..	..	
250 0 0	..		" Wilson & Co.		..	..	..	..	..	..	..	250 0 0	
	15 11 9		" Dunn & Co.		..	15 11 9	..	..	..	..	..	..	
73 8 4	26 11 8	June 30	" Charges Account—Agent's Salary for Quarter—		..	..	..	..	..	100 0 0	..	..	
305 0 0	..		A. Attwood		..	..	..	..	..	..	..	..	40 0 0
			B. Benson		..	..	..	..	..	..	..	..	10 0 0
			C. Carter		..	..	..	..	..	..	..	..	40 0 0
			D. Densham		..	..	..	..	..	..	..	..	40 0 0
			E. Edwards		..	..	..	..	..	..	..	..	15 0 0
			F. Feltham		..	..	..	..	..	..	..	..	40 0 0
			G. Gamage		..	..	..	..	..	..	..	..	40 0 0
			H. Hanson		..	..	..	..	..	..	..	..	40 0 0
			J. Jackson		..	..	..	..	..	..	..	..	40 0 0
1,201 7 0	..		" Balance to Summary		..	..	..	..	..	..	..	1,130 6 8	305 0 0
						22 9 10	0 1 8	128 6 7	0 9 0	648 16 9	..	1,985 6 8	1,201 7 0
£3,222 9 5	533 10 9												2,106 7 0

As each item of cash is received it can be entered in the Cash Received column, but the appropriation cannot be made as between the various syndicates, nor can the proper item of deductions be arrived at until the account returned from the broker, or rendered by him, has been compared with the Brokers' Ledger, and the differences on the account examined and adjusted.

In order to illustrate the operation of the Deductions column, it may be convenient to take one of the items in the form shown above, and follow out the manner in which it is treated.

A cheque is received from Messrs. Brown & Co., brokers, amounting to £153 8s. 2d. On reference to the account rendered to that firm and now returned by them with their cheque, and on comparing this account with the Brokers' Ledger, it is found that £195 8s. 11d. represents the excess of Premiums over Claims due by brokers to Syndicate 4, and £4 7s. represents a Salvage due to Syndicate 1. On the other hand, it is ascertained that there is an amount of £11 5s. 4d. representing Net Claims due by Syndicate 2 to Messrs. Brown & Co., and, further, a similar item of £35 2s. 5d. representing Net Claims due by Syndicate 3. The total Differences on the account represent a loss of 1s. 10d., which is found to consist of a loss on Syndicate 4 of 2s. 7d., and profits on Syndicates 2 and 3 of 4d. and 5d. respectively.

The gross items of Cash Receivable by each particular syndicate having been ascertained will be entered in the appropriate columns, and the difference between these gross receipts and the amount of the cheque received from the brokers will represent the Deductions, and be entered in the Deductions column on the debit side of the Cash Book opposite the cheque received. A similar item will be entered in the Deductions column on the credit side of the Cash Book, representing the

total of the amounts due by any syndicate or syndicates to the brokers, extension being made accordingly in the appropriate columns.

Taking the case of Messrs. Brown & Co., above quoted, the following statement shows the manner in which the correctness of the deductions can be proved.

	£ s d	To Receive £ s d	To pay £ s d
Syndicate 1—As per Brokers' Ledger	.. ..	4 7 0	
" 2—Ditto	11 5 8		
Less Differences	0 0 4	..	11 5 4
" 3—Ditto	35 2 10		
Less Differences	0 0 5	..	35 2 5
" 4—Ditto	195 11 6		
Less Differences	0 2 7	195 8 11	
Total Receipts & Deductions		199 15 11	46 7 9
Balance, being Cheque received from Brokers		..	153 8 2
		£199 15 11	£199 15 11

The balance of cash at the commencement of the period will be extended into the Special column on the debit side, since this cannot be allocated in any way to the respective syndicates. As previously explained, any items of receipts which do not appertain to a particular syndicate will be extended into this column. In the illustration given above two instances are afforded, the first being a receipt of £50 from the executors of B. Benson. This name having died, and all his investments having been realised to meet previous claims, it has become necessary to call upon his executors for further moneys to meet current claims, owing to the fact that the balance to his credit on the 1st June only amounted to £2 1s., as will be seen presently from the Cash Summary.

The second item of £115 7s. 3d. represents the sale of investments on behalf of E. Edwards, who, it will be remembered, has resigned, and whose investments are in course of realisation, as funds are required from time to time to meet his proportion of the claims falling due.

Turning to the Special column on the credit side, all items will be extended here which do not appertain to any particular syndicate. In the illustration will be observed two items of investments made on behalf of H. Hanson and J. Jackson respectively, representing investments of accumulated premiums. These names having only recently commenced underwriting, the premiums received on their account have been considerably in excess of the claims arising thereunder.

The amount payable by way of salary to the underwriting agent for the quarter ending 30th June has been extended into the Special column and allocated as between the various names. It will be noted that each name composing Syndicate 4 is charged with £40, representing a quarter's salary at the rate of £160 a year, whereas the other two amounts are considerably less, owing to the fact that they represent a proportion of the winding-up fee charged in the current quarter. The closing balance will also be extended into the Special column.

Further instances of items which would be extended into the Special column on the Payments side are Payments out on account of Profits, Subscriptions to Lloyd's, &c., whereas in the corresponding column on the Receipts side such items would appear as Interest and Dividends on Investments (allocated as between the various names according to the amounts standing to their credit on Investment Account) and Payments in on account of Capital.

It has been previously observed that the Cash Book is in practice usually ruled off once a quarter, but in the illustration above, for the sake of convenience, balances have been struck both at the commencement and close of the month. The balances on each Syndicate column respectively, representing either excess of receipts over payments, or *vice versâ*, will be entered, when the totals on each side of the Cash Book relating to each syndicate should agree. The total of the Deductions column on each side should correspond, and therefore no balance will appear on this column. The cross-cast of the Receipts side, before the insertion of the closing syndicate balances, should agree with the total of the cheques received, plus the deductions, and in a corresponding manner the totals of the Syndicate columns on the Payments side, before the insertion of syndicate balances, should agree with the total of the cheques paid, plus the deductions. The correctness of the casting should be thus proved before the syndicate balances are entered and the Cash Book ruled off. The totals of the respective Difference columns should be inked in, and will be posted to the Differences Account in the Syndicate Ledger. The syndicate balances will be carried to the Summary, an illustration of which follows:—

CASH SUMMARY.

Dr.

Total	Date	Particulars	A. Attwood	R. Benson, deceased	C. Carter	D. Densham	E. Edwards	F. Feltham	G. Gamage	H. Hanson	J. Jackson
£ s d			£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
1,570 10 0	1909 June 1	To Balance	153 10 6	2 1 0	153 10 6	153 10 6	15 10 0	153 10 6	187 9 0	375 14 0	375 14 0
1,130 6 8	30	" Syndicate 4. (17 names) ..	161 9 7	..	161 9 7	161 9 6	..	161 9 6	161 9 6	161 9 6	161 9 6
50 0 0		" Executors of B. B., deceased ..	..	50 0 0							
115 7 3		" E. E. Investment Account	..	..	..	..	115 7 3				
£2,866 3 11			£315 0 1	£52 1 0	£315 0 1	£315 0 0	£130 17 3	£315 0 0	£348 18 6	£537 3 6	£537 3 6
1,201 7 0	July 1	To Balance	123 8 6	40 1 4	123 8 7	123 8 6	93 8 3	123 8 8	179 16 2	197 3 6	197 3 6

CONTRA.

Cr.

Total	Date	Particulars	A. Attwood	B. Benson, deceased	C. Carter	D. Densham	E. Edwards	F. Feltham	G. Gamage	H. Hanson	J. Jackson
£ s d			£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
11 17 10	1909 June 30	By Syndicate 1. (6 names)	1 19 8	1 19 8	1 19 8	1 19 8	1 19 7	1 19 7			
102 7 4		" Syndicate 2. (5 names)	20 9 6	..	20 9 6	20 9 6	20 9 5	20 9 5			
645 11 9		" Syndicate 3. (5 names)	129 2 5	..	129 2 4	129 2 4	..	129 2 4	129 2 4		
300 0 0		" H. H. Investment Account ..	..	..	..	..	..	..	..	300 0 0	
300 0 0		" J. J. Investment Account ..	..	..	..	..	..	..	..	..	300 0 0
305 0 0		" Charges: Agent's Salary ..	40 0 0	10 0 0	40 0 0	40 0 0	15 0 0	40 0 0	40 0 0	40 0 0	40 0 0
1,201 7 0		" Balance	123 8 6	40 1 4	123 8 7	123 8 6	93 8 3	123 8 8	179 16 2	197 3 6	197 3 6
£2,866 3 11			£315 0 1	£52 1 0	£315 0 1	£315 0 0	£130 17 3	£315 0 0	£348 18 6	£537 3 6	£537 3 6

It will be observed that the Summary starts with the Opening Cash Balance of £1,570 10s., as shown by the Cash Book on the 1st June, divided between the various names according to the last Summary.

From the Cash Book it appears that for the month of June there is an excess of receipts over payments in respect of Syndicate 4 amounting to £1,130 6s. 8d. This syndicate being composed of seven names, such figure will be divided into seven parts, and one-seventh debited to each of the names composing Syndicate 4.

There are no further net receipts relating to syndicates, as the first three syndicates have an excess of payments over receipts, and consequently such net excess is shown on the Payments side, and divided, in the case of Syndicate 1, over the six names forming that syndicate; in the case of Syndicate 2, over five names; and in the case of Syndicate 3, also over five names.

The Special Receipts shown in the Cash Book are entered on the debit side of the Summary in the columns of the names to which they refer, and the Special Payments are dealt with in a similar manner.

The balance on each name's column is then inserted and carried down to the next Summary. The total of all the balances should equal the total of the balance at the bank on the Joint Account, as shown by the Cash Book, on the 30th June.

In the event of the Summary showing that one of the names is overdrawn, his balance would be carried down to the credit side, and the difference between the total of the balances in hand on behalf of the other names and the overdrawn balance on behalf of the one name will represent the amount of cash at the bank. It is apparent in such a case that the name who

is overdrawn is being temporarily financed by the other names, and consequently he should be immediately requested to place his account in credit.

The Brokers' Ledger.—

In the majority of cases it is customary for the brokers to settle with the underwriters quarterly (except in the event of a total loss arising), and, owing to the fact that the brokers pay on their own figures, and not on the figures rendered by the underwriter, considerable differences may arise, and corresponding adjustments may have to be made in the Brokers' Ledger.

It has already been pointed out that for the purpose of allocating the cash, as between the various syndicates, it is necessary to examine the account returned from the broker, or rendered by him, and to compare it with the account in the Brokers' Ledger; and it will also be necessary at the time when the posting is made from the Cash Book to the Brokers' Ledger to refer again to the account rendered, which will disclose the various differences, of which the following are the most usual:—

(1) Differences arising on the account owing to the various methods in vogue of working out the calculations of premiums, &c.

(2) Differences arising by reason of rates being taken down incorrectly, or lines being erroneously stated.

(3) Differences arising owing to arithmetical errors in calculation.

(4) Items treated by the brokers as belonging to "Last Account" or "Next Account," as the case may be, in contra-distinction to the treatment in the Brokers' Ledger.

(5) Items not taken down by the underwriter.

As regards (1), these differences will be entered in the Difference columns in the Cash Book, and posted with the items of cash to the debit or credit of the broker, as the case may be.

In the case of differences arising under the headings (2) and (3) noted above, the figures as shown by the brokers should be carefully checked, and, if necessary, reference made to the original documents. If the difference is slight in amount it can be entered in the Difference column in the Cash Book, as above mentioned, but if it involves an amount of any consequence an adjusting entry should be made in one of the books of first entry, in order to avoid the inclusion in the Difference Account of adjustments which are not really differences but corrections of errors. In such cases reference should be made against both the original and adjusting entry.

As regards adjustments rendered necessary under Heading (4), items of premiums will frequently appear in the account rendered by the underwriter to the broker, whereas in the broker's books they may not appear until the commencement of the succeeding quarter. As a result, the broker will not pay these items, but will cross them out of the account rendered by the underwriter, marking the items "Next Account." This arises owing to the fact that it is customary for underwriters to keep their books open for a period of from a week to ten days after the close of the quarter, in order to bring within that quarter all items arising on risks submitted to them, although they may not have actually signed the policies until after the close of the quarter. Similarly, claims may require to be adjusted as between one account and another.

Although it has been stated that accounts are usually settled quarterly, it by no means follows that such settlement takes place immediately after the close of the quarter, *e.g.*, the amount found to be due by a broker at the 31st March may

not be settled till some time in June, and in the meantime it will have been necessary to post up the April and May premiums and claims, &c., to that broker's account. Owing, however, to the amount of detail that is frequently involved in these accounts (one quarter's entries possibly occupying four to five large pages), it would be very inconvenient to post the item of cash in its precise chronological order in the Ledger, as this would prohibit the account being balanced off and adjusted up to that particular payment of cash. It is, therefore, advisable to leave a reasonable amount of space between the detail entries relating to the close of one quarter and the commencement of the next, for the purpose of inserting the cash item, making the various adjustments, ruling off the account, and bringing down the necessary balances. Care should be taken, however, to see that the proper date is inserted against the cash item, since it will be out of chronological order. This practice might be held to be contrary to the accepted rules of bookkeeping, but it has been found by practical experience to be the only satisfactory method of enabling the Ledger to be ruled off at regular intervals, and of showing clearly on the face of the account the items remaining unsettled. The principle, however, must not be abused, as it is undesirable to allow the total columns in the Ledger to remain open for any length of time. Whenever a general balancing takes place, or new Ledgers are opened, the totals to date should be carried forward in ink, without waiting for the Cash Settlement, as otherwise opportunity would be afforded for entries to be made after the balancing has taken place, without on the face of it affecting the casts of the Total columns. Not only would this result in throwing out a subsequent balance, but it might also lead to manipulation.

The following is a specimen of a Broker's Account in an Underwriter's Ledger, where there are four syndicates in existence.

Dr. BROWN & CO.

			Syndicate 1		Syndicate 2		Syndicate 3		Syndicate 4	
			£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
1909	Balance down:	O.L.								
	Cl. Fearless ..	58	..	..	..	..	..	×9 4 11		
Jan.	Iris	..	..	..	..	..	..	..	8 17 4	
	South America	..	..	..	..	..	..	..	1 14 7	
	Fahrwohl ..	..	..	..	..	..	..	..	9 1 7	
	Hemidal ..	..	..	..	..	..	..	..	8 0 3	
	Westfield ..	..	..	..	..	..	..	..	7 11 8	
	Finland ..	..	..	..	..	..	..	..	8 19 6	
										44 4 11
Feb.	F. Hagerup ..	..	..	..	..	..	..	..	7 7 5	
	Barrowdale ..	..	..	..	..	..	..	..	9 8 1	
	Yendec ..	..	..	..	..	..	..	..	11 0 6	
	Munter ..	..	..	..	..	..	..	..	9 9 9	
	Ariel	..	..	..	..	..	..	..	5 17 5	
	Strs.	..	..	..	..	..	..	..	29 18 6	
										73 1 8
	R/Fd. Angus ..	..	4 7 0							
				4 7 0						
Mar.	Harmodius ..	..	..	..	..	..	..	..	20 1 10	
	Halizones ..	..	..	..	..	..	..	..	24 10 8	
	Hypatia ..	..	..	..	..	..	..	..	20 1 10	
	Exmouth ..	..	..	..	..	..	..	..	*c* 2 1 8	
	Mozambique .	..	..	..	..	..	..	..	1 1 4	
	Sophocles ..	..	..	..	..	..	..	..	6 7 0	
	Salamis ..	..	..	..	..	..	..	..	11 15 1	
										85 19 5
	R/Fd. Euterpe	..	..	..	..	..	7 19 2			
								7 19 2		
June	Balance down:									
	R/I Finland ..	✓	..	..	..	..	..	..	..	*b* 0 7 9
	Pm. Strs. ..	✓	..	..	.	..	..	..	..	0 13 6
	Cash	..	..	..	..	11 5 4	..	35 2 5		
	Diff.	..	..	..	..	0 0 4	..	0 0 5		
			..	£4 7 0	..	£11 5 8	..	£52 6 11	..	£204 7 3
	Balance down:									
	Pm. Exmouth	✓	..	..	..	..	..	..	..	2 1 8
	Cl. Whitby ..	✓	..	..	..	..	..	..	.. *a*	0 2 7
April	Earlswood ..	..	..	..	..	..	..	..	3 6 5	
	Arracar ..	..	..	..	..	..	..	..	1 10 3	
	Strs.	..	..	..	..	..	..	.. †	0 13 6	
	Catharine ..	..	..	..	..	..	..	..	2 6 8	
	Runic	..	..	..	..	..	..	..	1 6 4	

CONTRA. *Cr.*

			Syndicate 1		Syndicate 2		Syndicate 3		Syndicate 4	
			£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d	£ s d
1909 Jan.	Germania ..		..	..	..	..	8 18 9			
	Discovery ..		..	..	5 12 6					
	Strs.		..	..	..	..	2 1 7			
	Blenheim ..		..	..	..	..	3 15 0			
						5 12 6		14 15 4		
Feb.	Fearless ..		..	..	..	..	×9 4 11			
	Roma		..	..	..	..	3 19 6			
	Endeavour ..		..	..	1 3 2					
	Pretoria ..		..	..	..	..	1 11 9			
	Valentia ..		..	..	3 4 4					
						4 7 6		14 16 2		
Mar.	Blue Cross ..		..	..	1 5 8					
	Strs.		..	..	..	..	22 8 7			
	Cambria ..		..	..	..	..	0 6 10			
	Iris		..	..	..	..	..	..	1 1 3	
	Finland R/I ..		..	..	..	..	..		*b* 0 7 9	
	Westland R/I		..	..	..	..	..	..	5 2 6	
						1 5 8		22 15 5		6 11 6
June	Cash		..	4 7 0	..	..	.	..	..	195 8 11
	Diff.		..	..	..	..	..	..	..	0 2 7
	Balance down:									
	Pm. ..	✓	..	..	..	..	..	..	..	*c* 2 1 8
	Cl. Whitby	✓	..	..	..	..	..	..	..	0 2 7
			..	£4 7 0	..	£11 5 8	..	£52 6 11	..	£204 7 3
	Balance down:									
	R/I Finland ..	✓	..	..	..	..	..	..	..	0 7 9
	Pm Strs. ..	✓	..	..	..	..	..	..	..	† 0 13 6
April	Viduco ..		..	..	..	..	..	..	8 9 4	
	Whitby ..		..	..	..	..	..	..	*a* 0 2 7	
	Emma ..		..	..	..	..	3 1 7			
	Strs.		..	..	..	..	11 4			

It will be noted that there is a debit balance of £9 4s. 11d. brought forward from last account on Syndicate 3, representing a claim in respect of the s.s. "Fearless," which was brought into account by the broker in the last quarter of 1908, but has not gone through the underwriter's books until February 1909. Consequently, in closing off the Ledger Account at 31st December 1908, it is necessary to bring this claim in on the credit side and carry it down again on the debit side at the commencement of the new year.

Early in April an account would be rendered by the underwriter to Messrs. Brown & Co., which would be a copy of the above Ledger Account to the end of March. The brokers would have examined this account and returned it with their adjustments marked thereon, together with a cheque for £153 8s. 2d., which is shown as a receipt in the form of Cash Book previously given. On examining the account returned by the broker, and comparing it with the above Ledger Account, it is observed that the premium of £2 1s. 8d. on the s.s. "Exmouth" debited to the brokers in March has been struck out by them and marked "Next Account." In a similar manner the re-insurance on the s.s. "Finland" of 7s. 9d., appearing in the Ledger in March, has been struck out by the brokers and marked "Next Account." On the other hand, the brokers have inserted a claim on the s.s. "Whitby" of 2s. 7d., which does not appear in the Ledger Account until April, and they have also paid a premium on "Strs." of 13s. 6d., which does not appear in the Ledger until April.

The following adjustments will therefore have to be made before the item of Cash can be posted and the Ledger Account ruled off:—

(1) The premium £2 1s. 8d. "Exmouth" must be entered on the credit side and brought down as a debit balance after the Ledger Account has been ruled off.

(2) Similarly, the claim of 2s. 7d. per s.s. "Whitby" will be brought down as a debit balance, and lettered off in the succeeding quarter against the entry of the claim when it is posted from the Claim Book.

(3) The re-insurance "Finland" of 7s. 9d., and the premium on "Strs." of 13s. 6d. will be brought down as credit balances, the premium being lettered off against the entry from the Premium Book in April, whereas the re-insurance will be brought into the next account rendered to the brokers as payable to them.

The cash items as obtained from the balances on the Syndicate columns will be posted and the differences adjusted.

It should be noted that all the adjustments are made in the Total columns in order to avoid complications arising in agreeing the Detail columns each month with the Analysis Books.

Separate Balancing of Brokers' Ledger.—

Owing to the great amount of detail involved in these accounts it is absolutely essential, if the books are to be balanced exactly, to prove the brokers' balances separately by means of Total Accounts.

The most convenient method of proving the monthly totals of the subsidiary books with the entries in the Ledger is as follows:—An analysis should be made of the items in the

Brokers' Ledger other than those relating to cash and differences. If the Brokers' Ledger is ruled with two columns representing Details and Totals, the monthly totals can be extracted in an Analysis Book and agreed with the totals of the corresponding subsidiary books. These totals so proved can be utilised in conjunction with the totals of cash received and paid, and the totals of the differences, for the purpose of raising one account, the balance of which at any given date should agree with the net total of the individual balances on the Brokers' Ledger.

The following is an illustration of a Brokers' Ledger Total Account:—

BROKERS' LEDGER TOTAL ACCOUNT.

Dr.

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d
1909 April 1	To Balance ..	..	..	..	10,033 15 1
June 30	" Premiums ..	..	..	..	11,731 2 8
	" Salvages ..	33 5 1	58 16 7	651 7 9	131 3 1
	" Cash ..	39 15 4	273 11 9	7,731 3 8	
	" Differences ..	0 3 7	1 13 2	6 5 8	9 3 9
	" Balance ..	..	121 0 4	4,243 0 1	
		£73 4 0	£455 1 10	£12,631 17 2	£21,905 4 7
July 1	To Balance ..	5 6 11	..	..	8,692 10 1

Cr.

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d
1909 April 1	By Balance ..	43 19 2	321 7 5	5,954 11 7	2,068 5 6
June 30	" Claims ..	23 17 11	133 14 5	6,641 17 4	633 11 8
	" Re-Insurances ..	..	..	35 8 3	9,597 3 8
	" Cash ..	..	..	..	13 14 3
	" Differences ..	..	..	..	
	" Balance ..	5 6 11	..	..	8,692 10 1
		£73 4 0	£455 1 10	£12,631 17 2	21,905 4 7
July 1	By Balance ..	..	121 0 4	4,243 0 1	

The opening balances of the above account represent the net creditors on the first three syndicates respectively, and the net debtors on the fourth syndicate, at the 1st April 1909. The totals of the Premiums, Salvages, Claims, and Re-insurances relating to the various syndicates will be obtained from the books of first entry. The items of cash will be the balances showing on the Syndicate columns of the Cash Book for the quarter, and will represent in the case of the first three syndicates excess of payments over receipts, and in the case of the fourth syndicate *vice versâ*. The differences will be obtained from the Differences columns in the Cash Book.

The balance on each syndicate at the end of the quarter will represent the net debtors or creditors respectively, and should agree with the net totals of the individual balances on the Brokers' Ledger at that date.

As the bulk of the accounts will be rendered quarterly, it is advisable that the Brokers' Ledger be agreed quarterly by the compilation of a Total Account as above. This should be done before the accounts are rendered to the brokers.

Syndicate Ledger.—

In order to enable a clear record to be kept of the totals of the subsidiary books, and to show how these totals are divided up over the various names, it is desirable to utilise what may be termed a Syndicate Ledger, ruled with sufficient columns on either side to accommodate the necessary number of syndicates. In this Ledger will appear the following accounts:—

Premiums Account,
Claims Account,
Salvages Account, and
Re-insurances Account,

the last three being sub-divided in accordance with the three underwriting years in operation. The Brokers' Ledger Total Account will also be entered up in this Ledger. The net balance relating to each syndicate on the Differences Account will be transferred to the current year's Claims Account at the end of the year.

The totals of the Premiums, Claims, Salvages, and Re-insurances will be divided up at the end of the year over the names, in accordance with their respective shares, and posted to the Underwriting Accounts of the names in their Private Ledgers.

It should be observed that this Syndicate Ledger is merely a Memoranda Ledger, and will not form part of any Trial Balance. The following are specimen accounts:—

Dr. PREMIA ACCOUNT.—1908. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d
1908 Dec. 31	To Transfer to Names P.L.:					1908 Jan. to Dec.	By Sundries ..	..	..	..	46,714 17 3
	A. Attwood	..	..	..	6,673 11 1						
	C. Carter ..	..	..	..	6,673 11 1						
	D. Densham	..	..	..	6,673 11 1						
	F. Feltham	..	..	..	6,673 11 0						
	G. Gamage	..	..	..	6,673 11 0						
	H. Hanson..	..	..	..	6,673 11 0						
	J. Jackson ..	..	..	..	6,673 11 0						
				£	46,714 17 3					£	46,714 17 3

Dr. SALVAGES.—1906 Account and before. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d
1908 Dec. 31	To Transfer to Names P.L.:					1908 Jan. to Dec.	By Sundries ..	21 13 2	131 3 9	150 3 10	
	A. Attwood..	3 12 3	26 4 9	30 0 10							
	B. Benson ..	3 12 3	..	..							
	C. Carter ..	3 12 2	26 4 9	30 0 9							
	D. Densham	3 12 2	26 4 9	30 0 9							
	E. Edwards	3 12 2	26 4 9								
	F. Feltham ..	3 12 2	26 4 9	30 0 9							
	G. Gamage ..	..	..	30 0 9							
	£	21 13 2	131 3 9	150 3 10			£	21 13 2	131 3 9	150 3 10	

Dr. SALVAGES.—1907 Account. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d
1908 Dec. 31	To Transfer to Names P.L.:					1908 Jan. to Dec.	By Sundries ..	..	..	750 19 5	
	A. Attwood..	..	..	150 3 11							
	C. Carter ..	..	..	150 3 11							
	D. Densham	..	..	150 3 11							
	F. Feltham ..	..	..	150 3 10							
	G. Gamage..	..	..	150 3 10							
				£750 19 5						£750 19 5	

Dr. SALVAGES.—1908 Account. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d
1908 Dec. 31	To Transfer to Names P.L.:					1908 Jan. to Dec.	By Sundries ..	..	..	..	843 5 7
	A. Attwood..	..	..	..	120 9 5						
	C. Carter ..	..	..	..	120 9 5						
	D. Densham	..	..	..	120 9 5						
	F. Feltham ..	..	..	..	120 9 4						
	G. Gamage ..	..	..	..	120 9 4						
	H. Hanson ..	..	..	..	120 9 4						
	J. Jackson ..	..	..	..	120 9 4						
					£843 5 7						£843 5 7

Dr. CLAIMS.—1906 Account and before. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d
1908 Jan. to Dec.	To Sundries ..	17 3 1	231 3 5	2,384 17 9		1908 Dec. 31	By Differences	0 1 8	0 9 4		
	„ Differences	—	—	—			„ Transfer to Names P.L.:				
							A. Attwood	2 16 11	46 2 10	476 19 7	
							B. Benson..	2 16 11			
							C. Carter ..	2 16 11	46 2 10	476 19 7	
							D. Densham	2 16 11	46 2 10	476 19 7	
							E. Edwards	2 16 11	46 2 10		
							F. Feltham	2 16 10	46 2 9	476 19 6	
							G. Gamage	..	..	476 19 6	
		£ 17 3 1	231 3 5	2,384 17 9			£	17 3 1	231 3 5	2,384 17 9	

Dr. CLAIMS.—1907 Account. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d
1908 Jan. to Dec.	To Sundries ..	..	..	9,193 17 6		1908 Dec. 31	By Transfer to Names P.L.:				
	„ Differences	..	..	0 16 6			A. Attwood..	..	..	1,838 18 10	
							C. Carter ..	..	..	1,838 18 10	
							D. Densham	..	..	1,838 18 10	
							F. Feltham..	..	..	1,838 18 9	
							G. Gamage	..	..	1,838 18 9	
				£9,194 14 0						£ 9,194 14 0	

Dr. CLAIMS.—1908 Account. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d
1908 Jan. to Dec.	To Sundries ..	..	..	..	28,112 19 7	1908 Dec. 31	By Differences	..	..	..	3 8 3
						"	Transfer to Names P.L.:				
							A. Attwood	..	..	..	4,015 13 1
							C. Carter ..	..	..	..	4,015 13 1
							D. Densham	..	..	..	4,015 13 1
							F. Feltham	..	..	..	4,015 13 1
							G. Gamage	..	..	..	4,015 13 0
							H. Hanson	..	..	..	4,015 13 0
							J. Jackson..	..	..	..	4,015 13 0
					£28,112 19 7						£28,112 19 7

Dr. RE-INSURANCES ACCOUNT.—1907 Account. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d
1908 Jan. to Dec.	To Sundries ..	..	..	123 2 11		1908 Dec. 31	By Transfer to Names P.L.:				
							A. Attwood..	..	..	24 12 7	
							C. Carter ..	..	..	24 12 7	
							D. Densham	..	..	24 12 7	
							F. Feltham..	..	..	24 12 7	
							G. Gamage..	..	..	24 12 7	
				£123 2 11						£123 2 11	

Dr. RE-INSURANCES ACCOUNT.—1908 Account. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
1908		£ s d	£ s d	£ s d	£ s d	1908		£ s d	£ s d	£ s d	£ s d
Jan. to Dec.	To Sundries ..	..	..	..	2,243 3 1	Dec. 31	By Transfer to Names P.L.:				
							A. Attwood..	..	..	..	320 9 1
							C. Carter ..	..	..	..	320 9 0
							D. Densham	..	..	..	320 9 0
							F. Feltham..	..	..	..	320 9 0
							G. Gamage..	..	..	..	320 9 0
							H. Hanson..	..	..	..	320 9 0
							J. Jackson ..	..	..	..	320 9 0
					£2,243 3 1						£2,243 3 1

Dr. DIFFERENCES ACCOUNT. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
1908		£ s d	£ s d	£ s d	£ s d	1908		£ s d	£ s d	£ s d	£ s d
Mar. 31	To Sundries ..	..	..	3 7 1	..	Mar. 31	By Sundries ..	0 0 3	0 2 5	2 7 3	0 0 7
June 30	" " ..	..	0 3 4	1 18 9	2 18 3	June 30	" " .	..	0 11 3	3 4 1	3 15 2
Sept. 30	" " ..	0 0 2	0 0 11	2 17 6	2 3 8	Sept. 30	" " ..	0 1 1	0 0 4	0 19 3	4 17 3
Dec. 31	" " ..	..	0 0 5	3 11 5	3 2 9	Dec. 31	" " ..	0 0 6	..	4 7 8	2 19 11
	" Transfer to Claims Account ..	0 1 8	0 9 4	..	3 8 3		" Transfer to Claims Account ..	..		0 16 6	
	£	0 1 10	0 14 0	11 14 9	11 12 11		£	0 1 10	0 14 0	11 14 9	11 12 11

BROKERS' LEDGER TOTAL ACCOUNT.

Dr. *Cr.*

		Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4			Syndicate 1	Syndicate 2	Syndicate 3	Syndicate 4
		£ s d	£ s d	£ s d	£ s d			£ s d	£ s d	£ s d	£ s d
1908 Jan. 1	To Balance ..	3 11 1	.. ..	5,107 16 8		1908 Jan. 1	By Balance ..	..	53 8 9		
Dec. 31	" Premia ..	21 13 2	131 3 9	..	46,714 17 3	Dec. 31	" Claims ..	17 3 1	231 3 5	11,578 15 3	28,112 19 7
	" Salvages ..	14 1 7	165 11 3	958 2 6	843 5 7		" Re-Insurances ..	..	..	123 2 11	2,243 3 1
	" Cash ..	0 1 10	0 14 0	4,573 8 11			" Cash ..		..	..	9,612 15 5
	" Differences	..	..	10 18 3	11 12 11		" Differences	0 0 2	0 4 8	11 14 9	8 4 8
	" Balance ..			1,063 6 7			" Balance ..	22 4 5	12 12 2	..	7,592 13 0
		£ 39 7 8	297 9 0	11,713 12 11	47,569 15 9			£ 39 7 8	297 9 0	11,713 12 11	47,569 15 9
1909 Jan. 1	To Balance ..	22 4 5	12 12 2	..	6,592 13 0	1909 Jan. 1	By Balance ..	..	..	1,063 6 7	

Private Ledgers for Names.—

Athough names may combine for the purpose of writing in syndicate form, such combination does not result in a partnership, and consequently it is essential that the transactions of each name as appearing in the form of final accounts should be kept separate from those of other names. For this purpose it will be necessary to open a Private Ledger for each name.

Into this Ledger will be posted the items of Cash received or paid on behalf of the name in question from the Special columns in the Cash Book.

The accounts relating to Premiums, Claims, Salvages, and Re-insurances will be posted from the Syndicate Ledger abovementioned. In addition to these accounts, the following will usually be found:—

Name's Capital Account,
Name's Current Account,
Underwriting Agent's Current Account,
Investment Accounts,
Charges Account,
Interest and Dividends Account, and
Underwriting Accounts.

The balances of these accounts, together with the name's proportion of the closing debtors, creditors, and cash, will form a Trial Balance.

Specimen accounts for the year 1908 appear below. The totals of the subsidiary books would in practice be posted monthly, although they are here shown in one figure for the year for the sake of simplicity.

The following are the dates upon which the various syndicates commenced operations:—

Syndicate	1	1st January	1902.
,,	2	,,	1905.
,,	3	,,	1906.
,,	4	,,	1908.

As only three years' Underwriting Accounts are kept open, all claims, &c., relating to the period before 1st January 1907 will be entered in the section headed "1906 Account and Before."

A. ATTWOOD.

BALANCE SHEET, 31st December 1908.

Dr.	£ s d	£ s d	Cr.	£ s d	£ s d
To Sundry Creditors: Syndicate 3	..	212 13 4	By Sundry Debtors: Syndicate 1	3 13 1	
,, S. Smith, Current Account ..	..	124 15 8	,, 2	2 10 5	
,, A. Attwood, Current Account ..	..	499 2 9	,, 4	1,084 13 3	1,090 16 9
,, Underwriting Accounts: 1907 Account, Credit Balance to date..	924 13 11		,, Investments: £2,000 Consols	1,800 0 0	
1908 Account, Credit Balance to date	2,328 15 5	3,253 9 4	£640 National War Loan 2¾% ..	637 6 9	2,437 6 9
			,, Cash at Bank	..	561 17 7
		£4,090 1 1			£4,090 1 1

A. ATTWOOD.

Dr. UNDERWRITING ACCOUNT for the year ending 31st December 1908—1906 ACCOUNT and before. *Cr.*

		£ s d	£ s d			£ s d	£ s d
1908 Dec. 31	To Claims:			1908 Jan. 1	By Balance	..	1,089 19 11
	Syndicate 1 ..	2 16 11		Dec. 31	„ Salvages:		
	„ 2 ..	46 2 10			Syndicate 1 ..	3 12 3	
	„ 3 ..	476 19 7			„ 2 ..	26 4 9	
			525 19 4		„ 3 ..	30 0 10	
	„ Balance, being Profit for 1906 carried down ..	..	623 18 5				59 17 10
			£1,149 17 9				£1,149 17 9
					By Balance	..	623 18 5
	To S. Smith, Current A/c, *20%* on *£623 18s. 5d.*	..	124 15 8				
	„ A. Attwood, Current A/c	..	499 2 9				
			£623 18 5				£623 18 5

A. ATTWOOD.

Dr. UNDERWRITING ACCOUNT for the year ending 31st December 1908.—1907 Account. *Cr.*

		£ s d			£ s d
1908 Dec. 31	To Claims, Syndicate 3	1,838 18 10	1908 Jan. 1	By Balance	2,638 1 5
	„ Re-Insurances, Syndicate 3	24 12 7	Dec. 31	„ Salvages, Syndicate 3	150 3 11
	„ Balance forward	924 13 11			
		£2,788 5 4			£2,788 5 4

A. ATTWOOD.

Dr. UNDERWRITING ACCOUNT for the year ending 31st December 1908.—1908 Account. *Cr.*

		£ s d			£ s d
1908 Dec. 31	To Claims, Syndicate 4	4,015 13 1	1908 Dec. 31	By Premiums, Syndicate 4	6,673 11 1
	„ Re-Insurances, Syndicate 4	320 9 1		„ Salvages, Syndicate 4	120 9 5
	„ Charges	193 4 6		„ Interest on Investments	64 1 7
	„ Balance carried forward	2,328 15 5			
		£6,858 2 1			£6,858 2 1

APPENDIX.

PRO FORMA COPY OF LLOYD'S POLICY.

A

This Policy is issued in the form printed and supplied by the Government previous to 1st August 1887.

For Signature by Underwriting Members of Lloyd's only.

34 & 35 Vic. Lloyd's Act, 1871.

Any person not an underwriting Member of Lloyd's subscribing this policy, or any person uttering the same if so subscribed, will be liable to be proceeded against under Sec. 31 of Lloyd's Act.

S.G.

£

(No.)

Be it known that

as well in own Name, as for and in the Name and Names of all and every other Person or Persons to whom the same doth, may, or shall appertain, in part or in all, doth make assurance and cause and them and every of them, to be insured, lost or not lost, at and from

6d. Stamp

upon any kind of Goods and Merchandise, and also upon the Body, Tackle, Apparel, Ordnance, Munition, Artillery, Boat and other Furniture, of and in the good Ship or Vessel called the

whereof is Master, under God, for this present Voyage, or whosoever else shall go for Master in the said Ship, or by whatever other Name or Names the same Ship, or the Master thereof, is or shall be named or called, beginning the Adventure upon the said Goods and Merchandises from the loading thereof aboard the said Ship.

upon the said Ship, &c.

and shall so continue and endure, during her Abode there, upon the said Ship, &c.; and further, until the said Ship, with all her Ordnance, Tackle, Apparel, &c., and Goods and Merchandises whatsoever, shall be arrived at

upon the said Ship, &c, until she hath moored at Anchor Twenty-four Hours in good Safety, and upon the Goods and Merchandises until the same be there discharged and safely landed; and it shall be lawful for the said Ship, &c., in this voyage to proceed and sail to and touch and stay at any Ports or Places whatsoever

without Prejudice to this Insurance. The said Ship, &c., Goods and Merchandises, &c., for so much as concerns the Assured by Agreement between the Assured and Assurers in this Policy, are and shall be valued at

Touching the Adventures and Perils which the Assurers are contented to bear and do take upon us in this Voyage, they are, of the Seas, Men-of-War, Fire, Enemies, Pirates, Rovers, Thieves, Jettisons, Letters of Mart and Countermart, Surprisals, Takings at Sea, Arrests, Restraints, and Detainments of all Kings, Princes, and People, of what Nation, Condition, or Quality soever, Barratry of the Master and Mariners, and of all other Perils, Losses, and Misfortunes that have or shall come to the Hurt, Detriment, or Damage of the said Goods and Merchandises and Ship, &c., or any Part thereof; and in case of any Loss or Misfortune, it shall be lawful to the Assured, their Factors, Servants, and Assigns, to sue, labour, and travel for, in and about the Defence, Safeguard and Recovery of the said Goods and Merchandises and Ship, &c., or any Part thereof, without Prejudice to this Insurance; to the charges whereof we, the Assurers, will contribute, each one according to the Rate and Quantity of his sum herein assured. And it is especially declared and

agreed that no acts of the Insurer or Insured in recovering, saving, or preserving the property insured, shall be considered as a waiver or acceptance of abandonment. And it is agreed by us, the Insurers, that this Writing or Policy of Assurance shall be of as much Force and Effect as the surest Writing or Policy of Assurance heretofore made in Lombard Street, or in the Royal Exchange, or elsewhere in London. And so we the Assurers are contented, and do hereby promise and bind ourselves, each one for his own Part, our Heirs, Executors, and Goods to the Assured, their Executors, Administrators, and Assigns, for the true Performance of the Premises, confessing ourselves paid the Consideration due unto us for this Assurance by the Assured

at and after the Rate of

IN WITNESS whereof, we the Assurers have subscribed our Names and Sums assured in

N.B.—Corn, Fish, Salt, Fruit, Flour, and Seed are warranted free from Average, unless general, or the Ship be stranded; Sugar, Tobacco, Hemp, Flax, Hides, and Skins are warranted free from Average under Five Pounds per Cent.; and all other Goods, also the Ship and Freight are warranted free from average under Three Pounds per Cent., unless general, or the Ship be stranded.

(In the event of accident whereby loss or damage may result in a claim under this Policy the settlement will be much facilitated if immediate notice be given to the nearest Lloyd's Agent.)

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